

Executive Summary

Soybean, soy meal and RM seed prices edged-up on renewed buying after festivities, during the period under review.

Soy meal:

- ❖ Soy meal posted gains in tandem with soybean with renewed demand in meal after improved crushing with the start of new season.
- ❖ India's soy meal shipments during the season 2013-14 witnessed a sharp fall after the weak season for soybean due to its production. Country saw season's lowest exports in September and lower shipments continued to pressure the domestic meal market.
- ❖ Further, Indian soy meal exports is expected to fall to a multi-year low of only 0.7-0.8 Mn T in Oct/Dec 2014, as forward booking is slower.
- ❖ Reserved selling in soy products by the South American countries in recent weeks has increased the dependency on US which consequently boosted the benchmark CBOT soybeans.
- ❖ India's soy meal prices have to be attractive in order to boost the exports unlike during 2013/14 season, lower soybean production and weak supplies and meal kept the meal prices unattractive against the price of the competitors..
- ❖ India's oilmeal shipments declined by 73% to 82,749 tonnes in September this year which was recorded at 3,01,717 tonnes in the corresponding period last year.

Soybean:

- ❖ Soybean rebound on renewed buying at the current price levels after festivities, during the week under review.
- ❖ The market was under supply pressure before the festivities (Diwali), it was dull during the festivities but the fresh buying was featured by the crushers and stockists to cover their stocks at the prevailing prices which were attractive.

- ❖ Reports of India considering raising of import duty on crude and refined edible oils, fear of cyclone Nilofer, which will hamper the soybean harvesting, if realized, and bullish price outlook for Malaysian palm oil by Thomas Mielke gave additional boost to the soybeans in the domestic market.
- ❖ The domestic harvesting is in full swing with lower or considerable moisture level in the beans, buyers are seen covering their stocks. Eventually, the bean supplies substantially rose in key physical markets. The average daily arrivals of Madhya Pradesh have reached to 4.5 – 5.0 lakh bags compared to 2.75-3.0 lakh bags in previous week.
- ❖ The harvest of US soybean crop as on Oct 26 is complete by 70% by the date though it is slightly lower than the 5 year average of 76%.
- ❖ The soybean planting in Brazil and Argentina is under progress but dry weather in Brazil is hampering the planting.

RM Seed:

- ❖ RM seed rebound on renewed buying after festivities by the millers and the stockists during the week under review.
- ❖ The market remained dull during festivities and eventually crushing fell, but fresh demand in mustard oil boosted the price of the seed. Further, buying in soybean by the solvent extractors and stockists lend support to the RM seed.
- ❖ In the major development, India's RM seed planting has commenced and the area coverage under the seed by 30 October 2014 was reported at 18.64 lakh hectares up 4.56 lha compared to previous year at 14.08 lha. The area under RM seed is likely to be higher this season.
- ❖ Exports of Malaysian palm oil products for October fell 2.0 percent to 1,463,982 tonnes from 1,494,371 tonnes shipped during September - cargo surveyor Societe Generale de Surveillance. India imported 335,829 tons of palm oil products from Malaysia during October.

International Highlights

- ❖ The US soybean harvesting is in full swing. The harvest of US soybean crop as on Oct 26 is complete by 70% by the date which is lower than the 5 year average of 76%.
- ❖ Falling South American soybean shipments are raising the global dependence on the USA in Sept/Febr 2014/15. South American soybean exports are estimated to have fallen to 1.1-1.2 Mn T in October – Oil World.
- ❖ China's soybean import is estimated to 73.5 Mn T in Oct/Sept 2014/15 by the Oil World.
- ❖ Argentina is expected to seed 20.6 million hectares with soybeans in the 2014/15 season.
- ❖ The much needed recent rains in Brazil was not sufficient for the soybean planting, the weather and soil moisture is still dry.
- ❖ Informa has raised its soybean yield estimate to 48.5 bushels per acre from 46.5, and raised its production forecast to 4.017 billion bushels from 3.857 billion. The firm calculated harvested area for soybeans at 82.880 million acres. The projection compared to the U.S. Department of Agriculture's September forecasts for a soybean crop of 3.913 billion bushels with a yield of 46.6 bushels per acre.
- ❖ For soybeans, Lanworth too has raised its forecast for the U.S. yield to 47.1 bushels per acre, versus 47.0 bushels per acre in the previous estimate, and estimated soybean production at 3.880 billion bushels, up from 3.873 billion previously.
- ❖ Brazil's crop supply agency Conab forecast a record 2014/15 soybean crop of between 88.83 million tonnes and 92.41 million tonnes in its first forecast of the season. Besides, Argentina's farmers are expected to plant from 20.6 million to 20.9 million hectares with soybeans this year, up from 20.2 million hectares in the previous season.
- ❖ As per Oil World, the monthly soybean requirements in the US are expected to surge to 12-13 Mn T in October and further to 14 Mn T in November.
- ❖ As per Abiove, Brazil's soybean crop for 2014/15 is estimated at 91 million tons and exports forecast at 48 million tons. As per Oil World, oilseed production may rise to 519.7 million tons, up 4.31 percent from 2013-1. The total oilseeds production includes 310.80 million tons of soybean, 68 million tons of rapeseed, 41.4 million tons of sunflower seed and rests others.
- ❖ The total oilmeals consumption of five N. African countries in 2014/15 is estimated at 6.2-6.3 Mn, which has more than doubled within 10 years.
- ❖ India's import requirements of vegetable oils are set to increase to a new high of 12.2 Mn T in 2014/15, as reported by Oil World.
- ❖ Oil World has estimated a combined soya meal imports of 8 key countries in Southeast Asia at a record 16.6 Mn T next season, which is up 1.4 Mn T on the year.
- ❖ As per Agroconsult, Brazil is likely to produce 95.1 million tons of soybeans in 2014-15, up 1 million tons from previous estimates. Moreover, Argentina soybean crop output for 2014-15 seen at 56.6 millions tons.
- ❖ The palm oil production in Malaysia is estimated to reach a record 19.7 million tons to 19.9 million tons. Further, Indonesia's output is likely an all-time high of 30.5 million tons or more this year. Production is

estimated by Dorab Mistry, Director at Godrej International Ltd. Both the countries account for 86% of world total supplies.

- ❖ Germany's winter rapeseed output is estimated at 5.8 million tonnes in 2014, up from 5.7 million tonnes in 2013, German farmer's association, DBV said.
- ❖ Oil World has estimated the Canadian canola crop at 14.7 Mn T in 2014 which is considerably below the record 17.96 Mn T last year.
- ❖ EU-28 rapeseed outturn has turned out higher than expected there is an upward revision to 23.5 Mn T. EU rapeseed exports are also improving.
- ❖ In Jan/Dec 2014 Brazil's soya oil shipments are seen falling to a 14-year low of only 1.28 Mn T to accommodate the higher domestic demand of the biodiesel industry – Oil World.

Oil Meal Prices at Key Spot Markets:
Soy DOC Rates at Different Centers

| Centres | Ex-factory rates (Rs/ton) | | |
|----------------|---------------------------|-------------|---|
| | 31-Oct-14 | 22-Oct-14 | Parity To |
| Indore (MP) | 28500 | 25500-25600 | Gujarat, MP |
| Kota | 28500-29000 | 26000 | Rajasthan, Del, Punjab, Haryana |
| Dhulia/Jalna | 27400 | 28200 | Mumbai, Maharashtra |
| Nagpur (42/46) | 30700 | 26200 | Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN |
| Nanded | 28100 | NA | Andhra, AP, Kar ,TN |
| Latur | 30500 | 28000 | - |
| Sangli | 28300 | 28200 | Local and South |
| Sholapur | 31200 | 28000 | Local and South |
| Akola | 29500 | 26500 | Andhra, Chattisgarh, Orrisa,Jharkhand, WB |
| Hingoli | 27100 | NA | Andhra, Chattisgarh, Orrisa,Jharkhand, WB |
| Bundi | 29000 | 26500 | - |

Soy DOC at Port

| Centers | Port Price | |
|-----------------------|------------|-----------|
| | 31-Oct-14 | 22-Oct-14 |
| Kandla (FOR) (INR/MT) | 30000 | 27350 |
| Kandla (FAS) (USD/MT) | 489 | 447 |

International Soy DOC

| Argentina FOB USD/MT | 30-Oct-14 | 23-Oct-14 | Change |
|----------------------|-----------|-----------|--------|
| Soybean Pellets | 457 | 436 | 21 |
| Soybean Cake Flour | 457 | 436 | 21 |
| Soya Meal | 465 | 444 | 21 |
| Soy Expellers | 465 | 444 | 21 |

| Sunflower (DOC) Rates | Ex-factory rates (Rs/ton) | | |
|-----------------------|---------------------------|-----------|--------|
| Centers | 31-Oct-14 | 22-Oct-14 | Change |
| Adoni | 20200 | 20000 | 200 |
| Khamgaon | NA | NA | - |
| Parli | 20500 | 20500 | Unch |

| | | | |
|-------|-------|-------|-----|
| Latur | 20200 | 20000 | 200 |
|-------|-------|-------|-----|

| Groundnut Meal (Rs/MT) | 31-Oct-14 | 22-Oct-14 | Change |
|------------------------|-----------|-----------|--------|
| Basis 45%, Saurashtra | 26000 | 24500 | 1500 |
| Basis 40%, Saurashtra | 23000 | 21500 | 1500 |
| GN Cake, Gondal | 26000 | 24000 | 2000 |

| Mustard DOC/Meal | 31-Oct-14 | 22-Oct-14 | Change |
|-------------------------|-----------|-----------|--------|
| Jaipur (Plant delivery) | 13300 | 13000 | 300 |
| Kandla (FOR Rs/MT) | 14300 | 14000 | 300 |

Progress of Sown Area – Rabi Oilseeds, India

In the official *rabi oilseeds* planting report (week ending 30 Oct 2014), the area coverage under *Rabi* oilseeds is reported at 20.3 lakh hectares, up 13.2% from 17.94 lakh ha previous year. Of the major oilseeds, rapeseed/mustard seed sowing is reported up by 32.4% at 18.64 lha compared to 14.08 lha during the same period last year. Groundnut at 0.71 lha vs 1.64, safflower at 0.12 lha vs 0.32 lha, sunflower at 0.59 lha vs 1.72 lha, sesamum 0.02 vs 0.06, linseed 0.20 lha vs 0.08 lha during the same period last year.

| Crop | As on 30 Oct 2014 | As on 30 Oct 2013 | % Change |
|-----------------------|-------------------|-------------------|-------------|
| Rapeseed/Mustard | 18.64 | 14.08 | 32.4 |
| Groundnut | 0.71 | 1.64 | -56.7 |
| Safflower | 0.12 | 0.32 | -62.5 |
| Sunflower | 0.59 | 1.72 | -65.7 |
| Sesamum | 0.02 | 0.06 | -66.7 |
| Linseed | 0.20 | 0.08 | 150.0 |
| Others | 0.02 | 0.04 | -50.0 |
| Total Oilseeds | 20.30 | 17.94 | 13.2 |

(Area in lakh hectares) Source: GOI

Soybean

Soybean rebound on renewed buying at the current price levels after festivities, during the week under review.

The market was under supply pressure before the festivities (Diwali), it was dull during the festivities but the fresh buying was featured by the crushers and stockists to cover their stocks at the prevailing prices which were attractive.

Reports of India considering raising of import duty on crude and refined edible oils, fear of cyclone Nilofer, which will hamper the soybean harvesting, if realized, and bullish price outlook for Malaysian palm oil by Thomas Mielke gave additional boost to the soybeans in the domestic market.

The domestic harvesting is in full swing with lower or considerable moisture level in the beans, buyers are seen covering their stocks. Eventually, the bean supplies substantially rose in key physical markets. The average daily arrivals of Madhya Pradesh have reached to 4.5 – 5.0 lakh bags compared to 2.75-3.0 lakh bags in previous week.

Further, the soybean supplies in the international market have increased with the increase in the pace of US harvest. The US soybean harvesting is in full swing. The harvest of US soybean crop as on Oct 26 is complete by 70% by the date though it is slightly lower than the 5 year average of 76%.

The soybean planting in Brazil and Argentina is under progress but dry weather in Brazil is hampering the planting. Some parts of central and northern soybean growing area of Brazil have received the much needed rainfall. But, still dry conditions reported in many areas and the bean production is of 2014/15 is lowered by 3 Mln T, which is still 8% higher compared to previous season and a new record.

US soybean production is estimated record higher this season. US soybean yield is projected at 47.1 bushels per acre from 46.6 bu per acre in September which eventually increased the US soybean production to 3.927 billion bushels from 3.913 bbu estimated on September report.

While, Informa has raised its soybean yield estimate to 48.5 bushels per acre from 46.5, and raised its production forecast to 4.017 billion bushels from 3.857 billion. The firm calculated harvested area for soybeans at 82.880 million acres.

The soybean prices will recover on renewed buying by the solvent extractors and srtockist. Further, weak South American supplies and dependency on US market has boosted the benchmark CBOT soy complex thus lending support to the soy market world-wide. The domestic soybean prices are likely to increase in near-term.

Soy meal

Soy meal posted gains in tandem with soybean with renewed demand in meal after improved crushing with the start of new season.

India's soy meal shipments during the season 2013-14 witnessed a sharp fall after the weak season for soybean due to its production. Country saw season's lowest exports in September and lower shipments continued to pressure the domestic meal market.

Further, Indian soy meal exports is expected to fall to a multi-year low of only 0.7-0.8 Mn T in Oct/Dec 2014, as forward booking is slower.

Reserved selling in soy products by the South American countries in recent weeks has increased the dependency on US which consequently boosted the benchmark CBOT soybeans.

Likely rise in the global soy meal supplies in 2014/15 season with surge in soybean production in US and expected rise in planting in Brazil and Argentina kept the meal under pressure.

The domestic soybean crushing has picked-up with rising new crop supplies which will subsequently lead to the increase in soy meal supplies in coming days.

India's soy meal prices have to be attractive in order to boost the exports unlike during 2013/14 season, lower soybean production and weak supplies and meal kept the meal prices unattractive against the price of the competitors.

Iran, France and Sri Lanka remained the key buyers of Indian soy meal during the season.

As discussed earlier that the soy meal price spread between Argentina and India has narrowed second consecutive month which was wider for quite a long time owing to the competitive Argentine meal prices as compared to India's.

Narrowing price spread is a positive signal for India with India's meal prices getting competitive over Argentina and expectation of buyers diverting back with the harvest of new soybean crop in late October.

India's oilmeal shipments declined by 73% to 82,749 tonnes in September this year which was recorded at 3,01,717 tonnes in the corresponding period last year.

India's soy meal exports declined to at 868.7 tonnes in September from 2,778 tonnes a month ago, the Solvent Extractors' Association of India (-69%). Of total oilmeal shipments in September, soy meal comprised of 868 tonnes, rapeseed meal (58,567 tonnes), ricebran extraction (1,500 tonnes) and castorseed meal was 21,814 tonnes.

India's, soy meal shipments was recorded lowest in the month of September during the season, on continued poor supply of soybean coupled with high price led to total disparity in international market.

We feel the international buyer will shift towards India after rise in seasonal supplies with improved soybean crushing making meal prices competitive day by day. India's soy meal export is expected to pick-up in 2014/15 season.

The soy meal prices are expected to improve on likely rise in benchmark CBOT soy product prices with the dependency in international buyers on US. Besides, India area coverage under soybean has fallen by 9.8% lower than the previous season due to late and less rains, which will cap the losses.

Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal will continue to lend support to the domestic soy meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea could be seen as the major destinations for Indian soy meal exports.

India's Y-o-Y soy meal prices declined. Soy meal export price, FOR Kandla (Dec – Jan delivery) was quoted between Rs 27,500 – 30,350/MT compared to Rs 34,400 – 35300/MT during the same period last year.

Recommendation: *As the India's soy meal prices are getting competitive with improved new soybean crushings, Indian meal exporters are advised to aggressively explore the lost markets last season especially traditional South and Far-East Asian destinations and Iran. India has just entered into the period of higher exports considering seasonality. The domestic meal prices are likely to feature steady to firm tone during in near-term. FOR, Kandla (Dec – Jan delivery) is expected to feature range bound movement with firm bias and the quotes will range between Rs. 31,000 - 32,000/MT levels in the upcoming week.*

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Note: Daily Chart

Support & Resistance NCDEX Soybean – Nov contract

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 2901 | 2980 | 3287 | 3515 | 3636 |

- Soybean extended previous gains on strong buying in the market.
- Prices closed below 9-day and 18-day EMA.
- RSI is rising in neutral region while stochastic is rising in overbought zone indicating gains.
- MACD is in positive territory.
- The prices are expected to feature gains in coming week.
- **Trade Recommendation (NCDEX Soybean – Nov) Week: BUY** Above 3290. Levels: Target – 3390; T2- 3440, SL -3230.

Trade Recommendation Soybean - Spot: Soybean prices are expected feature gains with buyers, solvent extractors and stockists, covering their stock in the domestic markets. The prices are likely to be in the band of 3250– 3350 levels (Indore, Plant basis) during the week.

Rapeseed - Mustard Seed

RM seed rebound on renewed buying after festivities by the millers and the stockists during the week under review.

The market remained dull during festivities and eventually crushing fell, but fresh demand in mustard oil boosted the price of the seed. Further, buying in soybean by the solvent extractors and stockists lend support to the RM seed.

In the major development, India's RM seed planting has commenced and the area coverage under the seed by 30 October 2014 was reported at 18.64 lakh hectares up 4.56 lha compared to previous year at 14.08 lha. The area under RM seed is likely to be higher this season.

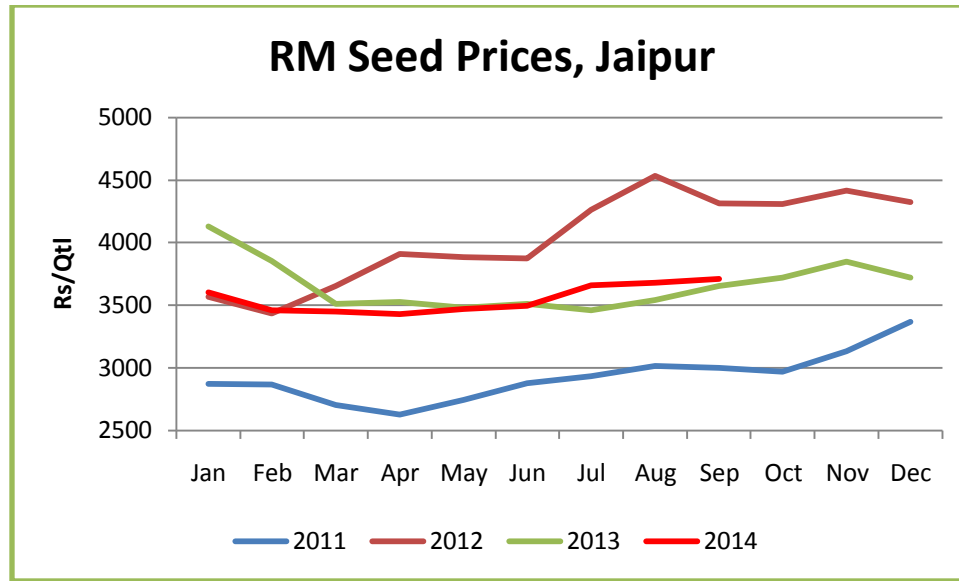
Exports of Malaysian palm oil products for October fell 2.0 percent to 1,463,982 tonnes from 1,494,371 tonnes shipped during September - cargo surveyor Societe Generale de Surveillance. India imported 335,829 tons of palm oil products from Malaysia during October.

As per Malaysian Palm Oil Board (MPOB), Malaysian palm oil stocks could drop 14 percent at end-2014 to 1.8 million tons from the 2.09 million tons hit at end-September. Moreover, ending stocks for 2015 projected at 1.7 million tons. On the production front, Malaysian palm oil production may rise to 20.5 million tons in 2015.

Continued Malaysian palm exports and expectations of lower inventories in coming days remained supportive, but India's seed prices are still under pressure with the cheaper availability of palm oil in the international market and in consistent imports by at the current competitive international prices.

Currently, the major palm oil exporters Indonesia and Malaysia have exempted the export duty on crude palm oil for a while. This move has further made the palm oil imports cheaper for India which was already cheap with the higher production and inventories in recent months. Lower palm oil prices have kept the domestic RM seed price under check and they are near previous year's level.

RM seed will continue to post gains in coming few week on improved seasonal RM oil demand and lean season in the seed.



Technical Analysis:
NCDEX RM Seed Futures


*Note: Daily Chart

RM Seed Spot, Jaipur

Support & Resistance NCDEX RM Seed – Nov. contract

| S2 | S1 | PCP | R1 | R2 |
|------|------|------|------|------|
| 3596 | 3628 | 3741 | 3815 | 3880 |

- The weekly candlestick chart pattern reveals uptrend in the RM seed.
- The prices closed above 9-day and 18-day EMA.
- RSI and stochastic are rising in the neutral territory.
- MACD is easing in the positive territory.
- Prices are expected to feature gains in near-term.
- **Trade Recommendation (NCDEX RM SEED - Nov) Week: BUY** Above 3741 for a Target – 3791; T2-3800; SL -3711.

Trade Recommendation RM Seed Spot (Jaipur basis): In spot, buying support will boost the seed prices. Prices of seed are expected to gain on crushing demand and will be in the range between 3740- 3745 levels during the week. They were between 3740 -3750 levels during the week under review.

Annexure

Progress of Sown Area – Kharif Oilseeds, India

In the official *kharif oilseeds* planting report (week ending 09 Oct 2014), the area coverage under *Kharif* oilseeds is reported at 178.47 lakh hectares, down 8.4% from 194.90 lakh ha previous year. Of the major oilseeds, soybean sowing is reported down by 10% at 110.22 lha compared to 122.20 lha during the same period last year. Groundnut at 37.25 lha vs 43.19, sunflower at 2.05 lha vs 2.43 lha, sesamum 16.31 vs 14.91, niger 2.28 lha vs 2.33 lha and castor at 10.35 lha vs 9.84 lha during the same period last year.

| Crop | As on 09 Oct 2014 | As on 09 Oct 2013 | % Change |
|-----------------------|--------------------------|--------------------------|-----------------|
| Groundnut | 37.25 | 43.19 | -13.8 |
| Soybean | 110.22 | 122.20 | -9.8 |
| Sunflower | 2.05 | 2.43 | -15.6 |
| Sesamum | 16.32 | 14.91 | 9.5 |
| Niger | 2.28 | 2.33 | -2.1 |
| Castor | 10.35 | 9.84 | 5.2 |
| Total Oilseeds | 178.47 | 194.90 | -8.4 |

(Area in lakh hectares) Source: GOI

Rabi MSP

- ❖ The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: The MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier. For Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.

Kharif MSP

- ❖ Government has increased minimum support price (MSP) of sunflower seed by Rs 50 to 3750 a quintal, further a hike of Rs 100 on sesamum and nigerseed at Rs 46,00 and 36,00 a quintal respectively. However, the MSP of soybean and groundnut seeds remained unchanged at Rs 2500-60 and Rs 4000 a quintal respectively this season.

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